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Approved for Release
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SECRET 08 OCT 70 CITE SANTIAGO

PRIORITY

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1. STATION DOES NOT AGREE WITH GENERAL THRUST OF HEADQUARTERS REASONING IF REFLECTED IN [REDACTED] THAT "...WE MUST DEPEND ON MILITARY MOVE WHICH CAN BE EXPLAINED, NO MATTER HOW LAMELY, IN THE CONTEXT OF COUP CLIMATE [REDACTED]. THE ASSUMPTION (INCORRECT, WE BELIEVE) IS BEING MADE THAT ARMY STRAINING AT LEAST TO MOVE AGAINST UNIDAD POPULAR AND THAT ALL IT NEEDS IS PRETEXT TO MOVE, HOWEVER FLIMSY. WE READ SITUATION ENTIRELY DIFFERENTLY AS GIVEN IN PARAGRAPHS BELOW.

2. FIRST, CLIMATE IN CHILE HAS GROWN CONSIDERABLY CALMER SINCE FIRST WEEK AFTER THE ELECTIONS. THERE WAS INITIAL RUN ON BANKS WHICH QUICKLY BROUGHT UNDER CONTROL. BOTH GOVERNMENT AND UNIDAD POPULAR ARE NOW IN FAVOR OF AVOIDING MAJOR ECONOMIC CHAOS. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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3. SECOND, THE POLITICAL CLIMATE EQUALLY TRANQUIL FOR NUMBER OF REASONS. PRESIDENT HIMSELF HAS SHOWN NO PUBLIC ALARM. HIS PARTY HAS JUST AGREED TO NEGOTIATE WITH UNIDAD POPULAR AND THIS TIME IS VIRTUALLY COMMITTED TO REACH AGREEMENT. NATIONAL PARTY IS EQUALLY PREPARED TO DO BUSINESS WITH ALLENDE. TWO SMALLER OF THE PDC LEADERS WHO OPPOSED PRO-ALLENDE MAJORITY FACTION THREE DAYS AGO ARE NOW LINING UP TO GET HELP FROM EMBASSY CONTACTS TO GET OUT OF COUNTRY AS FAST AS POSSIBLE. OTHERS ARE SILENT.

4. EL MERCURIO IS ALSO SILENT. IT AGREED PUBLICALLY YESTERDAY THAT ALLENDE WILL BE NEXT PRESIDENT. PEOPLE WHO RUN EL MERCURIO EXPECTED ALLENDE TO BECOME NEXT PRESIDENT AND THEY ARE ACTING ACCORDINGLY. CANNOT THROUGH PERSUASION OR PROMISES OF MONEY CHANGE WHAT THEY CONSIDER ONLY RATIONAL WAY TO VIEW SITUATION.

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6. COMMUNISTS AND SOCIALISTS ARE HOLDING FIRM. THEY ARE LASHING OUT IN PRESS AGAINST TERRORISM AND MAKING POINT THAT THIS KIND OF ACTIVITY CAN BE EXPECTED AS LONG AS [REDACTED] IS GIVEN FREE HAND TO OPERATE AS IT HAS BEEN UP TO NOW. THE MESSAGE TO THEIR LEFTIST SUPPORTERS IS "THINGS WILL CHANGE UNDER ALLENDE REGIME-- JUST BE PATIENT." SO WHILE THERE ARE QUITE TOUGH WORDS IN THE PRESS, SPECIFIC ACTIONS WHICH COULD CAUSE ARMY ANY CONCERN WHATSOEVER ARE CONSPICUOUSLY LACKING. MINOR INCIDENT DESCRIBED IN SANTIAGO [REDACTED]

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IS JUST PINPRICK. OBVIOUSLY SOMEONE STEPPED OUT OF LINE FOR A BRIEF MOMENT.

7. ATTITUDE OF ARMED FORCES IS ONE OF PLACID ACCEPTANCE OF WHAT THEY BELIEVE MAY BE SOMEWHAT UNPLEASANT BUT WHICH WILL NOT RESULT IN DESTRUCTION OF ARMY AS INSTITUTION. REDEM FIENTALBA SAID SOME UNPLEASANT THINGS IN CONGRESS ABOUT HOW COMMUNIST REGIMES TREAT ARMIES AT THE BEHEST OF POLIC during the recent campaign. THIS CAUSED MINOR STIR. FACT REMAINS THAT ALLENDE TALKING TO OFFICERS AND HAS CONVINCED SOME OF THEM THAT HE DOES NOT INTEND TO HARM ARMY. IN FACT WE HAVE NOT YET HAD CHANCE TO REPORT HIS MOST RECENT TALKS WITH COLONELS FROM ACADEMIA DE GUERRA (CREAM OF CROP) TO WHOM HE OUTLINED PROGRAM TO MAKE ARMY TAKE MORE ACTIVE PART IN STRATEGIC ECONOMIC ACTIVITIES (RAILROADS, TRANSPORTATION, FUEL SUPPLIES, MANUFACTURING OF CERTAIN EQUIPMENT, ETC) SOMEWHAT ON PERUVIAN MODEL. THEY ATE IT UP. WE MUST RECOGNIZE THAT ALLENDE HAS BEEN PLAYING SKILLFULLY ON ARMED FORCES FOR SOME TIME AND HAS MANY ~~CHANGES~~ ^{CHANGES} ~~CHANGES~~ INTO ARMED FORCES TO GET HIS MESSAGE ACROSS, IN ADDITION TO PERSONAL CONTACT. HE KNOWS THEIR DESIRE FOR CONSTITUTIONALITY AND HAS MADE CLEAR THAT

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THIS IS WHAT HE WANTS TOO, EVEN OFFICERS WHO DO NOT ACCEPT HIS WORD ARE UNPERSUADED TO ABANDON CONSTITUTIONALITY. AS LONG AS NEITHER ALLENDE, IN HIS STATEMENTS NOR HIS SUPPORTERS IN THEIR ACTIONS DO ANYTHING WHICH APPEARS TO THREATEN PEACE OF NATION, ARMY WILL NOT REACT. NOT ACT.

8. WHAT HAPPENS IF VIAUX MOVES? IN THE VIEW OF [REDACTED] AND STATION, ARMY WILL MOVE TO CRUSH VIAUX. HE DOES NOT HAVE REQUISITE SUPPORT IN ARMED FORCES. THEY DO NOT TRUST HIM. VIAUX TOLD [REDACTED] THAT HE IS TO BE "CATALYST" TO HELP ARMY, WITH AID OF FREI, IN PREVENTING ALLENDE FROM BECOMING PRESIDENT. IF SO, PROBLEM IS SOLVED. IF VIAUX IS MISTAKEN IN SUPPORT HE WILL GET FROM FREI AND ARMY, HE IS WALKING INTO TRAP. IF HE MOVES ALONE, UNIDAD POPULAR WOULD NOT BE FLOUTING PUBLIC ORDER IF IT RESISTED VIAUX, AGAIN ARMY WOULD NOT HAVE PRETEXT, EVEN ASSUMING THAT IT WERE ACTUALLY SEEKING ONE, TO MOVE AGAINST UNIDAD POPULAR FORCES.

9. WE HAVE DISCUSSED THE FEASIBILITY OF GETTING OUT NEWSPAPER

[REDACTED]
[REDACTED] WE SERIOUSLY DOUBT THAT ESTABLISHMENT NEW NEWSPAPER

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WITHIN REACH OF POSSIBILITY AND HAVE DISCARDED IT.

[REDACTED]

10. IDEA OF PLANTING RUMORS IN BARS USING THIRD COUNTRY NATIONALS IS UNWISE. [REDACTED] IS MUCH BETTER MECHANISM AND WILL BE USED FOR THAT PURPOSE). [REDACTED]

[REDACTED]

11. FOR REASONS GIVEN ABOVE WE FIND IT IMPOSSIBLE TO AGREE WITH HQS REASONING THAT PUBLIC CLIMATE IN ANY WAY APPROXIMATING PRE-COUP SITUATION CAN BE ENGINEERED EITHER IN PRESS [REDACTED] OR BY RUMORS, WHATEVER THEIR METHOD OF PROPAGATION. [REDACTED]

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[REDACTED]